

Monthly Trend Report for Medicare, Medicaid, and SCHIP

July 31, 2006

On these pages, the Office of the Actuary presents monthly and fiscal-year-to-date data for Medicare (HI and SMI), the Federal portion of Medicaid, and the Federal portion of the State Children's Health Insurance Program (SCHIP). Highlights include

- changes in HI and SMI income, expenditures, and assets (see Table 1 below);
- changes in Federal Medicaid and Federal SCHIP expenditures (see Table 2 below); and
- actual versus projected data for each of the four programs (see Figures 1, 2, and 3 below).

The primary sources of information for these reports are the [U.S. Department of Treasury's Financial Management Service's Monthly Treasury Report](#) (table 5) for the Federal portions of Medicaid and SCHIP, and financial statements from the Bureau of Public Debt and CMS for Medicare. The reasons offered to explain monthly and fiscal-year-to-date changes are preliminary in nature and may be subject to change as more information becomes available.

NOTE: These pages display only the financial performance of Medicare, Medicaid, and SCHIP. For more information on the nature of the three programs, please refer to the [Brief Summaries of Medicare and Medicaid](#).

Key Data and Trends (change is usually measured fiscal-year-to-date compared to prior fiscal-year-to-date)

Total spending

Fiscal-Year-to-Date 2006 (October 2005-July 2006)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 8.7 percent compared to the corresponding period in fiscal year 2005. Because program expenditure levels in a particular month can vary significantly, this growth rate—and those shown below—can be unduly affected by an unusually low or high level in any month. As the fiscal year progresses, the fiscal-year-to-date increases are expected to gradually stabilize as the remaining months are added.

Medicare

July 2006

- HI income exceeded expenditures by \$1.1 billion this month. Each month, the primary source of HI income is Federal Income Contribution Act (FICA) taxes, but this is particularly true for months such as this July, in which secondary sources of income were relatively modest, with no large amounts scheduled for receipt. On the expenditures side, the bulk of the

Medicare Advantage payment for July was made in June. HI expenditures would thus have been higher—and the excess of income over expenditures lower (in fact, expenditures would have exceeded income)—had the April payment been made this month rather than last month. (The month of July had a slightly lower-than-average number of claims processing days, which would also tend to lower expenditures and increase the excess of income over expenditures.)

- SMI income exceeded expenditures by \$4.1 billion this month. About \$3.4 billion of this excess was attributable to Part B, and about \$0.7 billion was attributable to Part D.

For Part B, it should be noted that on the expenditures side, the bulk of the Medicare Advantage payment for July was made in June. (The month of July had a slightly lower-than-average number of claims processing days, which would also tend to lower expenditures and increase the excess of income over expenditures.)

For Part D, the bulk of benefit payments for July, both to Medicare Advantage plans for their prescription drug benefit and to free-standing prescription drug plans, were sped up to June, as described for Parts A and B. Most, but not all, of the sources of income intended to finance the payments for July were sped up as well, but the fact that some (such as payments from States and beneficiary premiums) were not appears to be the main reason for the excess of income over expenditures.

- The SMI Part D Medicare Prescription Drug Account spent only about \$29 million this month under the broad, voluntary prescription drug program that began in January. This expenditure amount is small because the bulk of Part D payments for July were paid in June, as discussed above.
- The SMI trust fund received and spent about \$346 thousand this month for benefits under the Transitional Assistance Account. Activity in this account is dwindling, as intended and expected, as the broad, voluntary prescription drug program has begun.

Fiscal-Year-to-Date 2006 (October 2005-July 2006)

- Medicare expenditures were 14.1 percent higher than in the corresponding period in fiscal year 2005. There were nine Medicare Advantage payments (including, for January through July, payments to free-standing prescription drug plans), compared to ten for the same period in fiscal year 2005. Adjusted for an equal number of incurred Medicare Advantage payments, the growth rate would have been about 15.8 percent.

Medicaid

Fiscal-Year-to-Date 2006 (October 2005-July 2006)

- Federal expenditures for Medicaid were 1.1 percent lower than in the corresponding period in fiscal year 2005.

SCHIP

Fiscal-Year-to-Date 2006 (October 2005-July 2006)

- Federal expenditures for SCHIP were 7.7 percent higher than in the corresponding period in fiscal year 2005.

Consumer Price Index (all items, for urban consumers; CPI-U)

July 2006

- The CPI-U increased 0.3 percent during the month of July.

Fiscal-Year-to-Date 2006 (October 2005-July 2006)

- The fiscal-year-to-date change in the CPI-U is an increase of 2.4 percent.

Table 1. Medicare Trust Fund Activity as of July 31, 2006
[in millions]

Income, Expenditures, and Balance	Supplementary Medical Insurance					Total Medicare
	Hospital Insurance Trust Fund	Part B Account	Transitional Assistance Account	Medicare Prescription Drug Account (Part D)	Supplementary Medical Insurance Trust Fund (Total SMI)	
This Month:						
Income	\$13,547	\$14,211	Less than \$0.5	\$739	\$14,951	\$28,498
Expenditures	12,402	10,816	Less than \$0.5	29	\$10,845	23,247
Difference	1,145	3,395	0	710	4,106	5,251
Current Fiscal-Year-to-Date:						
Income	178,342	147,458	228	23,870	171,556	349,898
% Change	7.4	13.2	(77.4)	--	30.7	17.7
Expenditures	155,158	133,788	228	23,138	157,154	312,312
% Change	3.1	9.6	(77.4)	--	27.7	14.1
Difference	23,184	13,670	0	732	14,402	37,586
Prior Fiscal-Year-to-Date:						
Income	166,072	130,241	1,009	--	131,250	297,322
Expenditures	150,520	122,080	1,009	--	123,089	273,608
End-of-Month:						
Balance	300,907	30,555	0	732	31,286	332,193

Notes: Totals do not necessarily equal the sums of rounded components.

Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of July 31, 2006
[in millions]

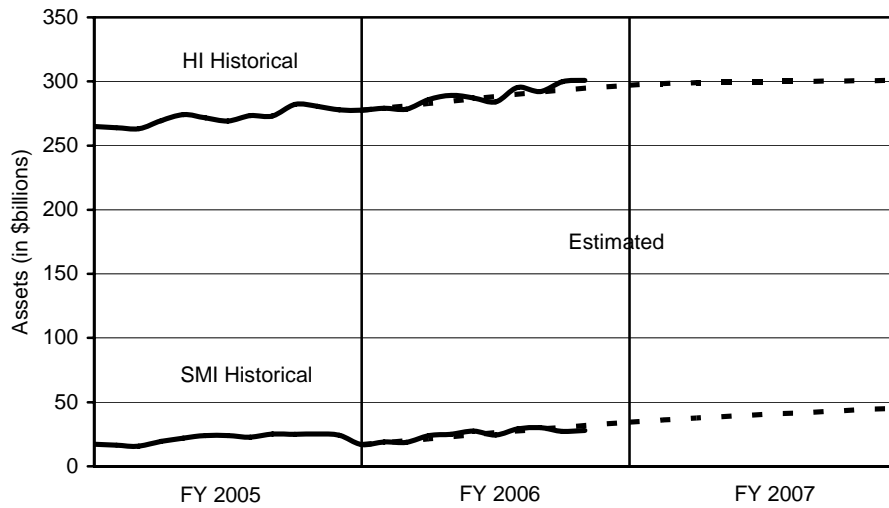
Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$23,247	\$14,887	\$364	\$38,498
Fiscal-year-to-date	312,312	150,262	4,424	466,998
Prior fiscal-year-to-date	273,608	151,960	4,106	429,674
% Change	14.1	(1.1)	7.7	8.7

Notes: State governments also support the Medicaid and SCHIP programs.

Totals do not necessarily equal the sums of rounded components.

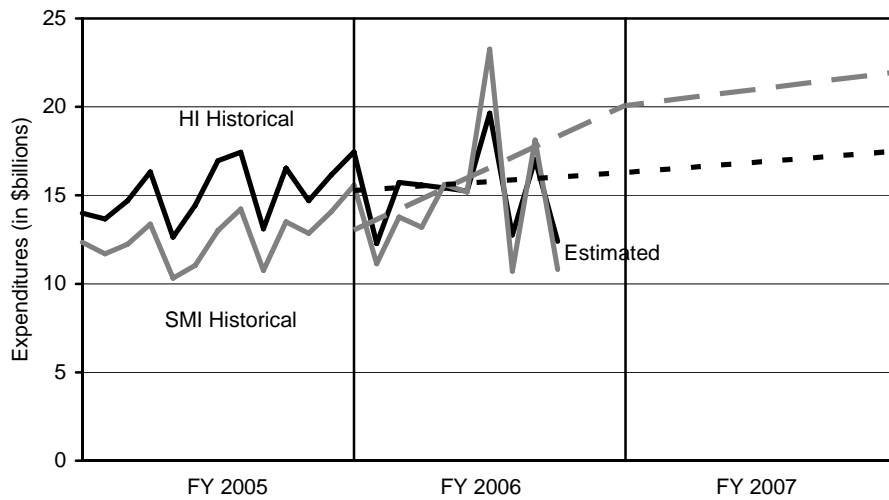
Changes shown ("% Change") reflect current fiscal-year-to-date amounts as compared to amounts in the corresponding period in the prior fiscal year.

Figure 1. Medicare Trust Fund Assets at End of Month: Historical and Estimated



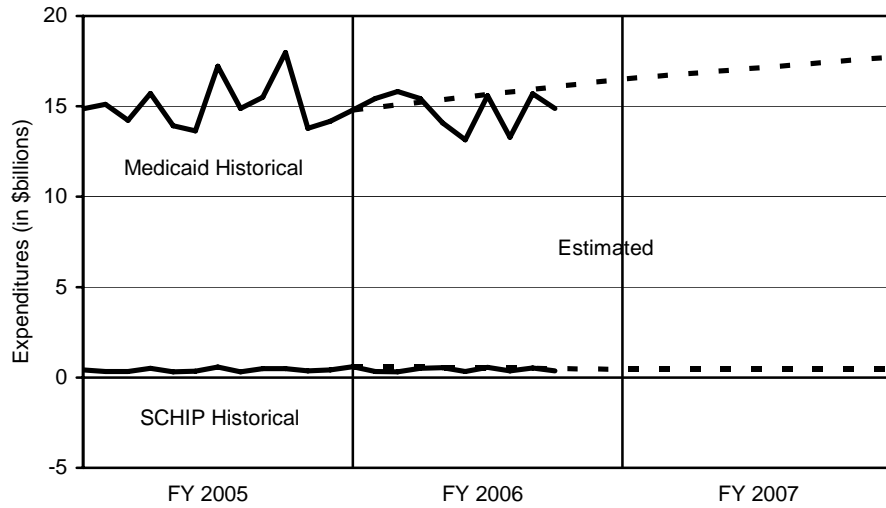
Note: Estimates are from the 2006 Trustees Report (intermediate assumptions).

Figure 2. Medicare Expenditures: Historical and Estimated



Note: Estimates are from the 2006 Trustees Report (intermediate assumptions). The historical figures reflect monthly fluctuations, but the estimated figures are based on annual amounts and thus do not.

Figure 3. Federal Medicaid and SCHIP Expenditures: Historical and Estimated



Note: Estimates are from the Mid-Session Review of the President's Fiscal Year 2007 Budget.